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Service Plan Report

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Message from the Minister

Government of British Columbia
Minister of Sustainable Resource Management
Minister Responsible for Land and Water British Columbia Inc.

Victoria
June 26, 2003.

The Honourable Iona Campagnola, PC, CM, OBC
Lieutenant-Governor of British Columbia

Your Honour:

Land and Water British Columbia Inc. (LWBC) continues to make important contributions that support the development of a strong and vibrant provincial economy through increased access to Crown land and water resources, resulting in safe and healthy communities, and a sustainable environment.

I am pleased to submit LWBC's annual report for the year ended March 31, 2003.

Yours respectfully,

Stanley B. Hagen

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Message from the Chair

Land and Water British Columbia Inc. (LWBC) has been given a large responsibility by this government – increasing access to Crown land and water resources to make a significant contribution to the creation of jobs in tourism, mining, forestry, farming, ranching, and oil and gas. Proactive development of Crown land and water resources will be key to the goal of stimulating and diversifying British Columbia's economy, especially in rural and coastal communities.

I am pleased to say that LWBC's success in creating new economic development and business opportunities over this past year has been achieved while respecting government's sustainability principles. The goal of the sustainability principles is to build shared views, responsibilities and partnerships, both inside and outside of government, to ensure that British Columbia achieves a sustainable future.

The Corporation has understood that unless Crown resources are well managed, environmental, economic and social benefits cannot be fully realized. This report documents the Corporation's initiatives and its successes in achieving its goals.

J. O'Riordan

Jon O'Riordan
Chair of the Board

Message from the Chief Executive Officer

I am pleased to present the annual Service Plan Report of Land and Water British Columbia Inc. (LWBC). This document outlines the significant accomplishments of the Corporation over the past year, and demonstrates how LWBC is meeting the challenge of facilitating economic development by substantially increasing access to Crown land and water resources.

During fiscal 2002/03, LWBC focused on projects that stimulated economic development and continued ongoing initiatives to improve client service which built on the momentum created during the past two years. Some highlights of this year's performance include:

- eliminating the land tenure application backlog and reducing the water licence backlog by 93%
- processing 92% of land applications within rigorous, established timelines
- significantly enhancing client service by streamlining and integrating land tenure and water licence application processes
- ensuring transparency and accountability by posting all tenure applications and decisions on the web
- advancing development of government's priority business areas, e.g. aquaculture, independent power production and business opportunities for First Nations
- attracting $190.3 million in new capital investment, 2,692 construction jobs and 315 on-going jobs, and
- improving revenue collection and the Corporation's revenue/cost ratio.

Importantly, we have been able to foster this growth while maintaining environmental standards and respecting aboriginal interests. I believe that we are on the right track and proceeding at full speed to promote environmentally-sound and sustainable economic growth that will create even greater value for the Corporation's shareholder during 2003/04.

Bill Valentine
President and Chief Executive Officer

Organizational Overview

Corporate Mandate

Land and Water British Columbia Inc. (LWBC) is incorporated under the *Company Act* of British Columbia. The Shareholder is the Province of British Columbia with the Minister of Sustainable Resource Management holding the sole issued share on behalf of the Province. The Minister appoints a Board of Directors, composed of Deputy Ministers and the President and Chief Executive Officer of LWBC.

As a Crown Corporation, LWBC operates as a corporation of government to allocate Crown land tenures, dispose of land, and administer and license Crown water resources. As part of water management, the Corporation is responsible for regulating approximately 2,700 licensed dams in the Province.

Our Vision Statement

A vibrant economy supporting the social and environmental values of British Columbians

Our Mission Statement

Allocate Crown land and water resources to stimulate British Columbia's economy through balanced economic and environmental decision-making

Our Values

- professionalism in all interactions with clients and staff
- high-quality client service that is streamlined for efficiency and timeliness
- respect for the opinions and values of others
- creativity and innovation in achieving the Corporation's goals and objectives
- responsive management in a changing environment
- continual improvement in performance
- accountability to the people of British Columbia

Enabling Legislation and Agreements

LWBC is governed by a Delegation Agreement with the Minister of Sustainable Resource Management and by the following acts and agreements:

- *Land Act*
- *University Endowment Land Act*
- *Ministry of Lands, Parks and Housing Act*
- *Water Act*
- *Water Utilities Act*
- *Public Service Act*
- *First Nations Consultation Guidelines*
- *BC Government and Service Employees' Union and the Professional Employees Association Agreements*

These and other acts and agreements establish the legal framework and principles by which LWBC operates, including the method of accounting, staffing and reporting requirements. Revenues generated through its business activities fund the Corporation.

Operating Structure

LWBC has two operating and two support divisions:

- *Land and Water Management Division* processes applications, and manages 32,000 land tenures and 43,000 water licences
- *Development and Marketing Division* identifies, develops and markets Crown land for a variety of uses, including residential, commercial, industrial, agricultural and recreational purposes
- *Business Development Division* provides strategic advice on priority land use initiatives, business development, aboriginal relations, program direction, and policy and pricing analysis, and
- *Corporate Services Division* manages the Corporation's revenues, expenditures, administration of facilities, FOI and records systems, information management and technology services, and human resources.

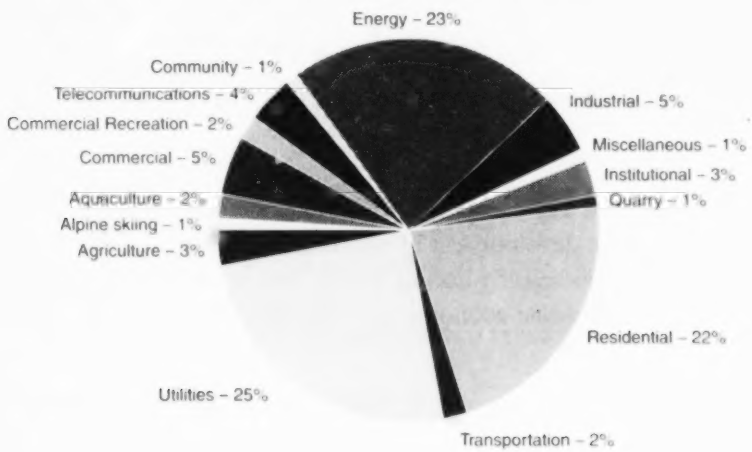
Location of Operations

The Corporation's headquarters is located in Victoria, B.C. Services are provided across the province from four major service centres located in Kamloops, Nanaimo, Prince George and Surrey, field offices located in Cranbrook, Fort St. John, Smithers and Williams Lake, Goldstream, Campbell River, and Penticton.

Principal Markets or Clients Served

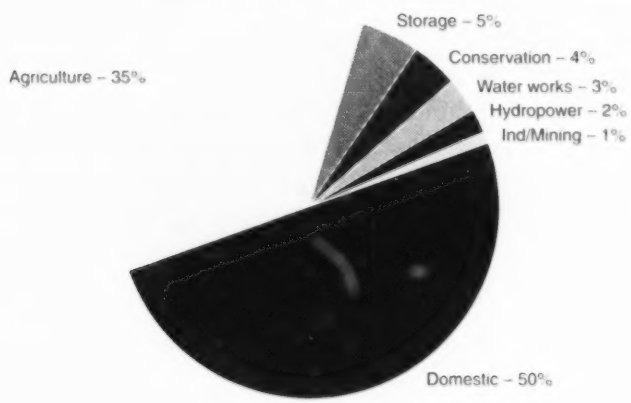
The following chart illustrates LWBC's current land tenure client base (32,000 tenures)[1]: In addition, LWBC also manages 10,215 Land Act reserves for various government uses, including conservation purposes, gravel extraction for highways, or provincial and federal government infrastructure such as fish hatcheries and navigation aids.

Current LWBC Tenure Portfolio



The following chart illustrates LWBC's current water user client base (43,000 water licences)[2]. LWBC also ensures that owners of approximately 2,700 dams comply with the *Dam Safety Regulation* and regulates 175 private water utilities to ensure that utilities provide reliable and safe water service at fair and reasonable rates.

LWBC Water License Portfolio



[1] Data reflects the tenure portfolio as of March 31, 2003.
[2] Data reflects the water licence portfolio as of March 31, 2003.

Overview of Major Initiatives

Dramatically improved client service and aggressive economic development have been the dominant initiatives of 2002/03. Enhanced client service has been implemented through eliminating the backlogs and delays in Crown land and water applications, providing faster decisions, and building a culture that is more responsive to clients' needs. Economic development was facilitated by creating opportunities for balanced and sustainable rural and coastal diversification.

Improved client service has been the key component of LWBC's response to government's *New Era Commitments* to facilitate economic development by substantially increasing access to Crown land and water resources. In addition to increasing access, LWBC has worked hard to create new business opportunities and partnerships to facilitate economic activity. Specific highlights of our success include:

- 1,529 new land tenures were issued and when combined with the prior year represent a 47% improvement over the previous two years
- 691 new water licences were issued and when combined with the prior year represent a 92% improvement over the previous two years
- over 2,000 replacement tenures were issued and when combined with the prior year represent a 77% increase over the previous two years
- eliminated the land tenure application backlog of over 1,457 applications
- exceeded the 90% target for reduction in the historical water license backlog of over 1,980 applications to the lowest level in 40 years
- processed 90% of new land applications within 140 days
- exceeded the 90% target for processing land replacement tenures of over 1,690 applications
- realigned and integrated the water licence activities with the land tenuring program to gain operating efficiencies
- implemented a 140 day turnaround time for all new water applications effective April 1, 2003
- developed a new, integrated land and water application process and guidebook for water power projects
- streamlined billing for major clients so that they have the option of receiving one consolidated invoice reducing the number of payments that have to be made
- development and expansion of ten ski resorts that have high investment and job creation implications, and
- support for priority development of independent power projects that involve wind and water power generation.

The Year in Review

Key Financial and Operational Highlights and Trends

Land and Water British Columbia's (LWBC) 2002/03 corporate vision was to contribute to a vibrant economy that supported the social and environmental values of British Columbians. A strategic foundation was developed based on three goals:

1. helping establish British Columbia as the leading economy in Canada by creating new business opportunities using Crown land and water resources
2. fostering the highest level of private investment in Crown land and water resources by providing excellent client service, and
3. becoming a flexible, responsive, high-performance organization.

Economic Development and Job Creation

Land sales activity has attracted considerable new capital investment, and new jobs throughout rural and coastal British Columbia. The data also outlines the Corporation's commitment to economic development and job creation in the following three years:

Strategic Focus	02/03 Actual	03/04 Target	04/05 Target	05/06 Target
New capital investment	**190.3 M**	$0.73 B	$1.25 B	$0.74 B
Permanent jobs	**315**	2,400	3,700	2,400
Construction jobs	**2,692**	5,500	9,400	5,500

Source: Development and Marketing Division Economic Impact Model

The following highlights successful economic development initiatives that contributed to our mission of allocating Crown land and water resources to stimulate British Columbia's economy through balanced economic and environmental decision-making:

- 73 new development projects started (252% of target)
- 25 targeted partnerships started and 7 completed (100% of target)
- 30 finfish sites made available (100% of target)
- 24 shellfish opportunities made available (80% of target)
- 15 Memoranda of Understanding (MOUs) with First Nations for aquaculture
- 4 MOUs with First Nations for commercial recreation, and
- 43 Independent Power Production applications adjudicated resulting in 16 projects being licensed (215% of target).

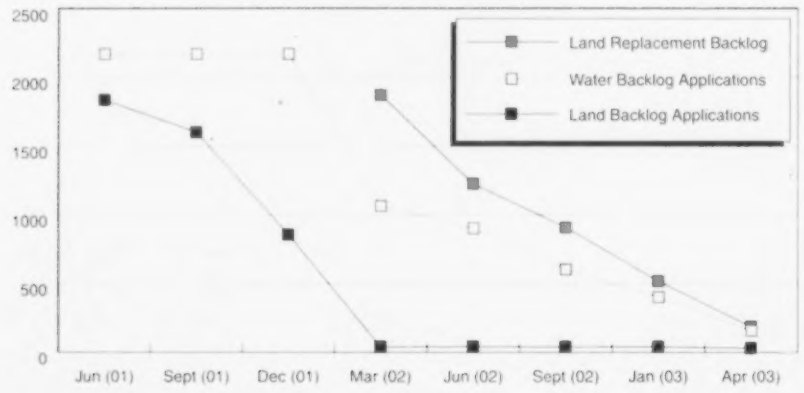
Improved Client Service

LWBC has been mindful that economic diversification and job creation is dependent on accelerated access by businesses to Crown land and water resources. To facilitate this, the Corporation has undertaken major overhauls of client service processes that have reduced land tenure application cycle times by 50%.

In addition, LWBC has eliminated the backlog and delays in access to Crown resources which is estimated to have cost over $1 billion in lost investment and 20,000 jobs.

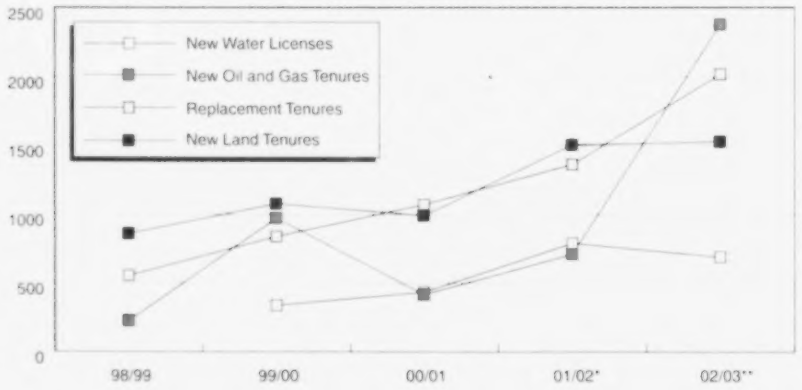
The chart below illustrates the massive reductions to historical backlogs: water licences (93%) and land replacements (95%). The new processes and established targets will prevent any future backlog.

LWBC Backlog Reduction



Trend data provided below clearly shows that changes to LWBC's client service processes and target turnaround times have improved our capacity to generate economic activity by issuing more new land tenures, new and replacement oil and gas tenures, and new water licences.

LWBC Tenure and License Activity



* Increase in activity for 01/02 largely due to processing of backlog

** Increase in Oil and Gas Tenures for 02/03 largely due to processing of backlog

Additional efficiencies have been achieved through the integration of all aspects of Crown land and water applications, including administration staff, offices, and application processes. Standardized business rules have been implemented to ensure consistent use of application standards and packages in all offices. A pilot project to streamline billing for a major client resulted in reduced administrative and processing costs for both parties. LWBC will be extending this project to other major clients during 2003/04. All clients will benefit from this intensive focus on significantly enhanced client service.

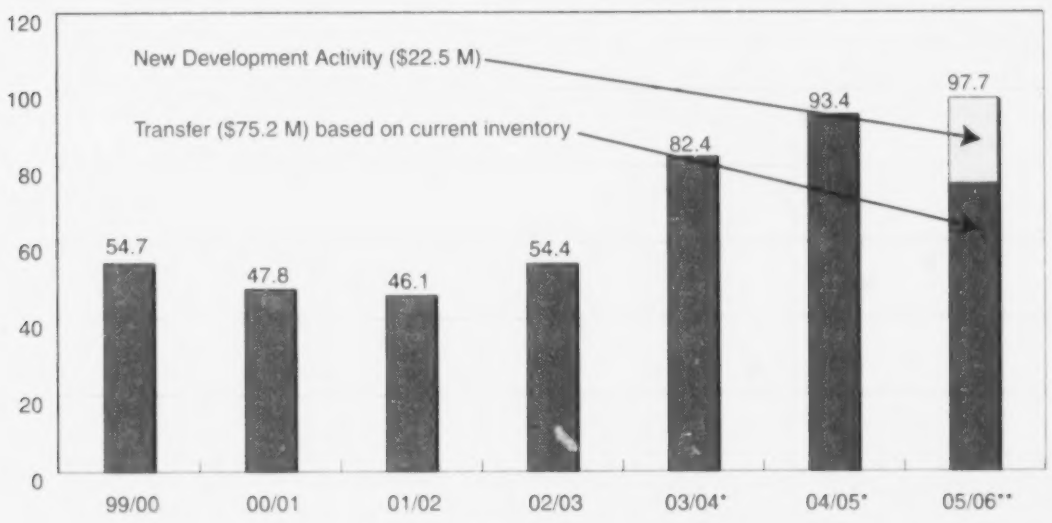
Generating a Fair Return on Resources

LWBC has played an important role in generating significant revenues for government during challenging economic times. The Corporation has taken a wide variety of steps to improve revenues and manage costs:

- improving revenue collection activity; 92% of new rents are collected within 90 days (131% of target)
- growing land tenure revenues by 16% (229% of target)
- generating $79 million in total revenues (94% of target), and
- reducing operating expenditure budget by $2.73 million from 2001/02.

The chart below illustrates LWBC's strong history for financial transfers to the Province and aggressive future targets:

Past, Current and Projected Transfers to the Province



* Forecasts of future transfers to the Province

** Land sales revenue projected for 05/06 is based on existing inventory. In order to optimize revenue generation, new investment will be required. We are currently developing innovative business approaches that will provide the tools necessary to build inventory and increase land sale revenue for 05/06. Target revenues subject to approval of a new business case are shown as 'new development activity'.

Challenges, Opportunities and Key Strategies

By way of background, approximately 92% of British Columbia's land base is Crown land. The resource industries that operate on this land base are responsible for three-quarters of the province's exports, more than two-thirds of its manufacturing output, hundreds of thousands of direct and indirect jobs and several billion dollars in annual provincial revenue.

Restoring wealth generation in rural and coastal communities has been at the heart of the Corporation's day-to-day activities. Our operating strategy has been to facilitate economic development through improved client service. This translated into four specific, tangible activities:

- facilitating greater access to Crown land and water resources
- allocating Crown land and water to their highest and best uses
- increasing new economic development through quicker decisions on land tenure and water licence applications, and
- reshaping processes to provide clients, stakeholders and the public with timely, consistent, transparent and accountable decision-making.

Seven strategic shifts were made to meet these challenges:

- replaced slow, manual processes with streamlined, responsive, transparent decision-making
- focused on economic development while applying sustainability principles to achieve balanced decisions that maintained environmental values
- streamlined decision-making to accelerate access to Crown land and water resources
- integrated responsibility for the water administration and licensing function on behalf of government
- expanded the role of the private sector through participation in joint ventures and the development of industry advisory groups
- expanded the role of local governments through cooperative inventory development, Memoranda of Understanding respecting extension of off-site services, and
- initiated a move to cost-recovery and fair, market-based pricing for Crown land.

To accomplish these shifts, LWBC entered into a number of strategic partnerships:

- established acceptable application turnaround times with clients
- in partnership with clients and local governments, identified the types, amounts and timing of Crown land required to promote priority regional development and community growth
- negotiated Economic and Treaty-Related Measures with First Nations
- negotiated partnership agreements with private enterprise, and regional and local governments to facilitate development of Crown land, and
- supported the Canadian Olympic Committee and the Resort Municipality of Whistler, by identifying and facilitating access to Crown land and water necessary for the 2010 Winter Olympic bid.

As our results indicate, LWBC has made important contributions to government's efforts to restore wealth generation from the Crown's land and water asset base.

Strategic Challenges and Opportunities

The Corporation faced several strategic risks in its day-to-day management of Crown land and water resources. LWBC viewed these risks as strategic challenges and responded with the following initiatives to minimize negative impacts:

Development of LWBC's *First Nations Accommodation Guidelines* reduced the uncertainty associated with First Nations' rights and interests in Crown land and water resources. The resulting positive impacts were:

- enhanced ability to rapidly build saleable inventory of Crown land
- minimized costs associated with the level of accommodation required
- reduced level of risk associated with investors' required return, and
- increased demand for Crown land because of improved investor certainty about the nature and security of their interests in properties acquired through LWBC.

Enhancing relationships with local government improved our ability to rezone Crown land to the highest and best use. In addition, LWBC engaged local government on questions of growing development requirements (e.g. extended timelines for rezoning, servicing standards, density restrictions, etc.) to ensure that project timing and forecasted revenues were not adversely impacted.

LWBC has been vigilant in ensuring that its property portfolio closely reflected investor demand. This has optimized annual sales revenues by aligning land inventory with local market requirements.

Where local land sales opportunities existed, the agency met market needs. In order to offset the general decline in economic conditions since September 11, 2001 and because the depth and breadth of real estate markets are closely tied to the strength of local economies – the Corporation has initiated a targeted marketing strategy and a long term sales approach to ensure we optimize our capacity for land sales.

The Corporation is working to ensure that it has the investment capacity required to bring new properties on-line quickly and to invest in economic development in the short term. With this capacity, LWBC will be able to reach optimum sales targets and will not have to realign operations and reduce its capacity to generate revenues.

LWBC is taking steps to improve its business tools to offset the risks listed above, enhance the Corporation's ability to facilitate economic development and restore wealth generation from the Crown land base. A revised business model will allow LWBC to use Crown land as a strategic investment in joint ventures and partnerships with First Nations and the private sector. This will further facilitate certainty about First Nations interests in specific Crown lands, improve investor confidence through increased reliability, certainty and ease of access, and result in mutually beneficial economic opportunities.

Report on Performance

During fiscal 2002/03, LWBC adopted two strategic directions that helped implement Government's vision for the Province and achieve its commitments to its citizens:

- aggressive economic development and job creation, and
- enhanced client service.

The following were LWBC's goals and objectives for fiscal 2002/03 established in its Service Plan and reflected in all its business and operational planning:

Goal 1: Help establish British Columbia as the leading economy in Canada by creating new business opportunities using Crown land and water resources.

Objectives for creating new business opportunities involved:
- increasing access to Crown land and water resources,
- partnering with governments and business communities,
- granting dispositions in a consistent manner throughout the province,
- effectively managing the tenure portfolio, and
- enforcing disposition conditions and managing unauthorised use of Crown land and water resources.

Goal 2: Foster the highest level of private investment in Crown land and water resources by providing excellent client service.

Objectives for providing excellent client service focused on:
- earning client support and public trust
- improving client service
- reducing red tape, and
- continuously improving service delivery.

Goal 3: Become a flexible, responsive, high-performance organization.

Objectives for corporate development centred on:
- increasing operational efficiency and cost effectiveness
- ensuring that employees had the skills to achieve corporate goals and objectives, and
- making the Corporation an employer of choice.

The Few, Critical Measures of Success

Performance measurement has provided considerable assistance to the Corporation's senior management by translating strategic objectives into tangible results. The Corporation reports on its goals, objectives and strategies through credible measures and targets that result in continuous and responsive performance management. This report presents both financial and non-financial measures to provide a broad picture of corporate health and performance.

Measures of past performance and future targets are provided where data exists and targets are continued under the recently adopted corporate service plan. The 2002/03 Service Plan identified 59 performance measures which blended strategic activities with operational objectives. A number of the measures reported below have not been repeated in the 2003/04 – 2005/06 Service Plan as LWBC moved to higher level corporate measures of success and placed operational measures and targets into divisional operating plans. This section presents key indicators of economic development, investment and revenues that will allow the Legislature, stakeholders and members of the public to review LWBC's performance in relation to our goals.

Explanations are provided as to why the measures being reported were selected and the impact of actual performance on LWBC. Appendix A provides a detailed report of achievements in relation to each of the 59 original performance measures.

LWBC is continuing to work towards establishing comparative benchmarks but is constrained by limited similarities with other agencies.

GOAL 1: HELP ESTABLISH BRITISH COLUMBIA AS THE LEADING ECONOMY IN CANADA BY CREATING NEW BUSINESS OPPORTUNITIES USING CROWN LAND AND WATER RESOURCES

Strategic Objective – Increase access to Crown land and water to promote economic development and emerging business opportunities

Measure: Percentage of new land tenure applications processed within established turnaround times

This is the primary measure of how well LWBC met the tight 140 day turnaround time to enhance access to Crown land. Exceeding the target has resulted in a 50% reduction in application processing time.

01/02 Target	02/03 Target	02/03 Actual	03/04 Target	04/05 Target	05/06 Target
N/A	**90%**	**92%**	90%	90%	90%

During 2002/03, Over 1,500 Crown land applications were processed in 140 days or less.

In addition, LWBC succeeded in achieving this strategic objective through:

- replenishing its Crown land sales portfolio with 126 properties (93% of target). This will allow the Corporation to continue to provide enhanced access, support our ability to sustain future Crown land sales, and allow the Corporation to meet its future targets for economic development and job creation
- initiating 73 new development projects (252% of target). Ultimately, this will result in additional, high-value properties being added to the corporate portfolio
- developing an integrated Independent Power Production (IPP) land and water application process and adjudicating 43 IPP applications (200% of target). This illustrates how quickly LWBC responded to facilitating the emergence of a new, innovative energy production program. Approval of these projects will create new regional businesses that support provincial and regional energy security
- supporting First Nations economic development by concluding 15 MOUs for aquaculture opportunities (375% of target) and 4 MOUs for commercial-recreation businesses (200% of target). These agreements and MOUs illustrate growing partnerships between the Corporation and First Nations.

See Appendix 1 for more detailed performance report

GOAL 2: FOSTER THE HIGHEST LEVEL OF PRIVATE INVESTMENT IN CROWN LAND AND WATER RESOURCES BY PROVIDING EXCELLENT CLIENT SERVICE

Strategic Objective – Improve client service

Measure: Percentage of backlog water licence applications eliminated

This measures LWBC's ability to respond to reduce the historical backlog of water licence applications.

01/02 Target	02/03 Target	02/03 Actual	03/04 Target	04/05 Target	05/06 Target
N/A	**90%**	**93%**	No backlog	No backlog	No backlog

Actual results indicate a significant reduction in the water licence application backlog which has provided improved access to Crown water resources to facilitate new economic development and job creation.

The following achievements also contributed to LWBC providing excellent client service:

- implementing an integrated land and water application process and guidelines. These have improved the ease of applying, accelerated application processing and resulted in faster access to Crown land and water resources
- posting land applications, decisions and reports on the LWBC website. This demonstrates the Corporation's commitment to transparency and accountability. Interested parties can quickly and efficiently review applications and decisions of interest
- streamlining billing for one major client to reduce its administration costs and to provide better service. The favourable response of the pilot client suggests that similar clients will support streamlining of their billing and administrative processes
- processing 94% of land tenure replacements applications and renewals before expiry. This has significantly improved service to the business community and the public, and provided business certainty for our clients
- implementing a streamlined shellfish aquaculture application package, and a streamlined salmon aquaculture management planning package and application guidelines. This has resulted in a one-window approach for aquaculture applications which will greatly facilitate development of this priority business sector.

See Appendix 1 for more detailed performance report

GOAL 3: BECOME A FLEXIBLE, RESPONSIVE, HIGH-PERFORMANCE ORGANIZATION

Strategic Objective – Ensure that employees have the skills and training to achieve corporate goals and objectives

Measure: Develop and implement a comprehensive performance management system

This measures LWBC's success in developing and fully implementing a timely, rigorous and credible system for monitoring the Corporation's performance.

01/02 Target	02/03 Target	02/03 Actual	03/04 - 05/06 Targets
N/A	**Fully implemented**	**Fully implemented**	On-going activity

Full implementation of a comprehensive performance management system has facilitated corporate success in achieving its economic development, client service and corporate change objectives.

The Corporation further supported this strategic objective by:

- increasing operational efficiencies through implementation of shared service agreements and centralized operational activities
- ensuring that 90% of its staff have current training plans (180% of target), and that 100% of employees with current training plans received some training in accordance with those plans (100% of target). These achievements reflect LWBC's capacity to achieve its goals given the skill sets developed by its employees, and clearly illustrate the Corporation's commitment to continuous improvement
- establishing performance plans for 100% of management staff. This aligned managers' activities and performance with corporate goals and objectives resulting in a higher level of success.

See Appendix 1 for more detailed performance report

Management Decisions and Analysis

Business and Policy Environment

The Corporation generates revenue through the marketing of Crown land, administration of Crown land tenures, and, licensing of Crown water resources on behalf of the Province. The Ministry of Sustainable Resource Management (MSRM) has statutory authority for the sustainable development of the province's land and water resources. To this end, MSRM develops high-level strategic land, water and resource plans, policies and principles. LWBC is responsible for making Crown land and water allocation decisions and managing Crown land sales within MSRM's strategic policy framework.

The Corporation reports revenues at both the gross and net levels. The gross represents the total revenue generated from operations, and the net represents the percentage retained by the Corporation to fund operating costs, as defined through the Delegation Agreement with the Province. Net revenues include:

- Land sales – the Corporation is authorized to retain 10% of land sales revenues, after the recovery of eligible expenses, as defined in an agreement with the Province.
- Land tenure administration – the Corporation retains 40% of land tenure revenues after recovery for eligible expenses.
- Water Management – effective April 1, 2002, responsibility for water management was transferred to the Corporation from MSRM. In 2002/03, water management program operating expenses were recovered directly from MSRM. Effective April 1, 2003, a regulation under the *Financial Administration Act* came into effect, permitting LWBC to retain a percentage of water revenues collected to offset operating costs.

The Corporation transfers the balance of land related revenues collected to the Crown Land Special Account, within the Consolidated Revenue Fund.

Results of Operations and Changes in Financial Condition

LWBC ended the year with a net income of $452,000 – a significant improvement over the previous year's net loss of $3.5 million.

The Corporation reported net revenue of $30.5 million, and the net transfer to the Province was $54.6 million, up $8.5 million from 2001/02.

The improved revenue position is primarily due to the Corporation's focused efforts to eliminate the backlog in land tenure applications and implementing 140 day turnaround times for application

processing, resulting in gross tenure revenue of $44.7 million and gross revenues from land sales of $34.1 million. The deferral of a significant land sale transaction resulted in land sales revenue being lower than projected. Despite this setback, gross revenues from land sales increased $7.2 million over 2001/02.

Operating expenditures of $30.1 million, includes $7.8 million for Water Management, and reflects an overall reduction of $.5 million from 2001/02 - a direct result of streamlining business practices and achieving efficiencies.

LWBC's financial statements include the Business Partnership Division. Prior to 2002/03, this Division reported directly to the Minister of Finance. During the 2002/03 fiscal year, the Division's operations were transferred to Partnerships British Columbia. Revenues and expenditures relating to the Business Partnership Division are approximately $1.3 million and do not impact the Corporation's net income.

The Corporation's financial statements also disclose revenues and expenditures of $7.8 million, reflecting the operating costs for water management and the offsetting recovery from MSRM.

Expenditures include project costs of $3.02 million, relating to the development and sale of land. Under the agreement with the Province, these costs are recoverable and an offsetting amount is recorded as revenue.

Effective May 17, 2002, the Corporation acquired all the shares and net assets of 617548 B.C. Ltd. from the Pacific National Exhibition. This company does not carry on any active business other than holding 19 parcels of land which are currently being marketed for resale.

During 2002/03 the Corporation acquired non-voting shares of the Vancouver Convention Centre Expansion Project Ltd. (VCCEP) and financed the purchase of the Coal Harbour Lands on behalf of VCCEP. On April 30, 2003, the Corporation transferred share title to VCCEP in exchange for reimbursement of all costs pertaining to the purchase of the land.

The Corporation has been indemnified by the Province against all liabilities and losses relating to the acquisition of these companies and their assets.

Risks and Opportunities

The ongoing success of the Corporation is linked to and directly impacted by a number of factors:

- its ability to direct resources to inventory and property development
- implementing an effective marketing strategy
- allaying public concerns regarding access to secure title to Crown resources
- market volatility and the resulting impact to land values, and
- ensuring compliance regarding the usage of Crown land and water resources

To mitigate these factors, to the extent possible, over the next year the Corporation will:

- develop a comprehensive marketing strategy
- implement a comprehensive compliance and enforcement program
- develop a framework for government approval to partner with First Nations and private enterprise to develop and market Crown land, and
- develop a business case for government approval to increase the available inventory of marketable Crown land.

Key Financial and Operating Results

The following table shows the historic trends in the financial and operating results of the Corporation:

	Financial data reported in $ millions				
	2002/03	**2001/02**	**2000/01**	**1999/2000**	**1998/99**
Financial					
Gross Tenure Related Revenue	$44.67	$37.68	$34.03	$30.68	$28.29
Gross Land Sales Revenue	$34.12	$26.91	$34.62	$46.65	$49.91
Net Transfer to Province	$54.63	$46.06	$48.00	$55.00	$53.61
Net Revenue	$30.54	$20.27	$22.51	$25.62	$16.24
Operating Expenditures	$30.10 *	$22.30	$20.80	$17.52	$16.08
Operating Data					
New Land Tenures	1529	1506	992	1077	860
New Oil and Gas Tenures	2381	710	417	972	226
Replacement Tenures	2020	1364	1071	838	555
New Water Licences	492	422	419	481	
Water Licence Amendments	691	789	434	338	

* Includes $7.8 million for Water Management Program expenditures – recovered directly from MSRM in 2002/03.

Management's Responsibility for Financial Reporting

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2003

The consolidated financial statements of Land and Water British Columbia Inc. have been prepared by management in accordance with Canadian generally accepted accounting principles. The consolidated financial statements present fairly the financial position of the company as at March 31, 2003 and the results of its operations and the changes in its financial position for the year then ended.

Management is responsible for the integrity of the financial statements and has established systems of internal control to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and financial records are properly maintained to facilitate the preparation of reliable financial statements in a timely manner.

The Auditor General of British Columbia has performed an independent audit of Land and Water British Columbia Inc. The Auditor's Report outlines the scope of this independent audit and expresses an opinion of the consolidated financial statements of Land and Water British Columbia Inc.

Bill Valentine
President & CEO

Pat Jackson
Chief Financial Officer

Auditor's Report

Report of the Auditor General of British Columbia

To the Shareholder of Land and Water British Columbia Inc.:

I have audited the balance sheet of *Land and Water British Columbia Inc.* (formerly British Columbia Assets and Land Corporation) as at March 31, 2003 and the statements of operations and retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly the financial position of *Land and Water British Columbia Inc.* as at March 31, 2003 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Wayne Strelioff

Victoria, British Columbia
May 2, 2003

Wayne Strelioff, CA
Auditor General

Audited Financial Statements

LAND AND WATER BRITISH COLUMBIA INC.
CONSOLIDATED BALANCE SHEET
(in $000)

MARCH 31.	2003	2002
	$	$
ASSETS		
Current assets		
Cash	**17,851**	13,002
Temporary investments (Note 3)	**3,801**	7,663
Accounts receivable	**13,582**	9,013
Loans receivable (Note 13)	**31,975**	—
Mortgages receivable (Note 4)	**1,595**	1,789
Work-in-progress	**10,233**	7,051
	79,037	38,518
Property held for sale (Note 5)	**18,899**	16
Capital assets (Note 6)	**2,491**	2,422
	100,427	40,956
LIABILITIES		
Current Liabilities		
Accounts payable & accrued liabilities	**10,857**	7,796
Loans payable (Note 7)	**50,002**	—
Obligation under capital leases (Note 8)	**157**	138
Deferred revenue	**964**	997
Due to the Province of British Columbia (Note 9)	**19,745**	13,713
	81,725	22,644
Deferred Revenue	**2,521**	2,641
Obligation under capital leases (Note 8)	**488**	430
	84,734	25,715
SHAREHOLDER'S EQUITY		
Share capital (Note 14)	—	—
Retained earnings	**15,693**	15,241
	15,693	15,241
	100,427	40,956

Contingent liabilities (Note 15)
Commitments (Note 16)

APPROVED BY THE BOARD:

Director

Director

The accompanying notes are an integral part of these financial statements.

LAND AND WATER BRITISH COLUMBIA INC.
STATEMENT OF CONSOLIDATED OPERATIONS AND RETAINED EARNINGS
(in $000)

YEAR ENDED MARCH 31.	2003	2002
	$	$
REVENUES		
Fees (Note 10)	**29,099**	17,647
Recoverable costs (Note 11)	**3,023**	2,726
Interest earned (Note 12)	**670**	1,272
Other revenue	**2,025**	1,370
	34,817	23,015
EXPENSES		
Administration	**2,172**	1,658
Amortization	**1,152**	884
Contract services	**1,815**	2,213
Loss on investment	**4**	1
Project costs (Note 11)	**3,023**	2,784
Rent	**2,033**	1,958
Salaries and benefits	**22,001**	15,373
Telecommunication and systems	**2,165**	1,671
	34,365	26,542
NET INCOME (LOSS) FOR THE YEAR	**452**	-3,527
RETAINED EARNINGS - BEGINNING OF YEAR	**15,241**	18,768
RETAINED EARNINGS - END OF YEAR	**15,693**	15,241

LAND AND WATER BRITISH COLUMBIA INC.
STATEMENT OF CONSOLIDATED CASH FLOWS
(in $000)

YEAR ENDED MARCH 31,	2003	2002
	$	$
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss)	452	-3,527
Items not affecting cash:		
Amortization of capital assets	1,070	884
Gain on sale of assets	-3	-15
Net change in non-cash working capital		
Accounts receivable	-4,569	5,323
Work-in-progress	-3,182	-1,281
Mortgage receivable	194	—
Accounts payable	3,061	1,154
Deferred revenue	-153	-249
Due to the Province	6,032	-1,278
Cash Flows From operating activities	2,902	1,011
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		
Issue of loan	-31,975	—
Proceeds from loan	50,002	—
Payments on capital lease	-138	-114
Cash Flows from (used in) financing activities	17,889	-114
CASH FLOWS USED IN INVESTING ACTIVITIES		
Proceeds on sale of capital assets	7	30
Purchase of capital assets	-928	-1,198
Purchase of property held for sale	-18,883	—
Cash Flows used in investing activities	-19,804	-1,168
NET INCREASE (DECREASE) IN CASH	987	-271
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	20,665	20,936
CASH AND CASH EQUIVALENTS - END OF YEAR	21,652	20,665
CASH AND CASH EQUIVALENTS CONSISTS OF:		
Cash	17,851	13,002
Temporary investments	3,801	7,663
	21,652	20,665

The accompanying notes are an integral part of these financial statements.

Accompanying Notes on the Financial Statements

Year Ended March 31, 2003
(tabular amounts in $000)

1. The Corporation

Land and Water British Columbia Inc. (the "Corporation"), wholly owned by the Province of British Columbia, was incorporated under the *Company Act of British Columbia*, on January 5, 1983, as W.L.C. Developments Ltd. Effective June 1, 1998, the Corporation's name changed to British Columbia Assets and Land Corporation and on February 15, 2002, the company name changed to Land and Water British Columbia Inc.

The Corporation's three major divisions and principal objectives are:

- Development and Marketing Division - develop and market Crown lands on behalf of the Province of British Columbia;
- Land and Water Management Division - administer Crown land tenures and administer and license Crown water resources on behalf of the Province of British Columbia; and
- Business Development Division – coordinate, develop or implement sectoral strategies to expand business opportunities in aquaculture, commercial recreation, independent power production, film, aggregates and telecommunications.

The Corporation is exempt from federal and provincial income taxes.

2. Significant accounting policies

Financial statements are prepared in accordance with Canadian generally accepted accounting principles.

Consolidated Financial statements include the accounts of the Corporation and its wholly owned subsidiary 617548 B.C. Ltd. All significant inter-company transactions and balances have been eliminated.

Temporary investments consist of units in Province of British Columbia Pooled Investment Portfolios. Units are carried at the lower of cost adjusted by income attributed to the units, and market value. Income attributed to the units represents the unitholder's share of interest earned by the Portfolio and may be realized upon sale of units.

Work-in-progress represents eligible development and marketing expenses incurred to promote the sale of designated Crown land and major government assets. These expenses are recoverable when the Crown land or assets are sold or other arrangements made. Operating or administrative expenses of the Corporation are excluded.

Property held for sale represents Whistler and Surrey, British Columbia landholdings and improvements recorded at the lower of cost and estimated net realizable value.

Capital assets are recorded at cost and amortized on a straight-line basis over their estimated useful lives. The half-year rule of amortization is applied in the first year of acquisition except vehicles on lease. Assets costing less than $1,000 are expensed when purchased.

Computer equipment and software	Three years
Furniture and equipment	Five years
Leasehold improvements	Minimum of 5 years or lease term
Vehicles under lease	Minimum of 7 years or lease term

Fees are recognized from:

- Land sales when all material requirements related to the transactions have been met and the appropriate cash down payment or appropriate security has been received;
- Crown land tenures when the tenures are due; and
- Crown water resources each month based on recovering administrative costs.

Use of estimates The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts and disclosures of work-in-progress at the date of the financial statements. Actual results could differ from these estimates.

3. Temporary investments

	2003	2002
Cost	**3,805**	7,664
Unrealized gain/(loss)	**(4)**	(1)
Market Value	**3,801**	7,663

4. Mortgages receivable

On December 10, 2002, the Corporation accepted a mortgage from Wilfred and Brenda Nesbitt for timber revenue and the sale of land. The mortgage matures on December 10, 2005. Simple interest of 7.2% per annum is paid on the principal amount outstanding on each anniversary date.

On February 28, 2003, the Corporation accepted a mortgage from Bayview Properties Limited for the sale of land. The mortgage matures on February 28, 2004 The interest of 6% per annum is paid biannually on February 28 and August 28 during the term of this mortgage.

5. Property held for sale

	2003	2002
Whistler landholdings	**16**	16
Surrey landholdings	**18,883**	—
	18,899	16

6. Capital assets

	2003			2002
	Cost	Accumulated Amortization	**Net**	Net
Computer equipment and software	2,741	1,869	**872**	1,036
Furniture and equipment	1,158	426	**732**	601
Leasehold Improvements	440	198	**242**	217
Vehicles under capital leases	943	298	**645**	568
	5,282	2,791	**2,491**	2,422

7. Loans payable

The Corporation has the authority to borrow up to a maximum of $51 million from the Province of British Columbia, with interest charged based on prevailing money market rates.

Loan	Amount	Rate %	Maturity Date	Maturity Amount
1	$32,002	2.81	April 30, 2003	$32,076
2	18,000	3.00	June 12, 2003	18,133
	$50,002			**$50,209**

8. Obligation under capital leases

In the past, the Corporation has entered into vehicle leases which were not recorded in its accounts. During the year, the Corporation capitalized all vehicles and set up their related liabilities. The effect of this change resulted in an increase of capital assets of $943,334, accumulated amortization of $298,376, liabilities of $644,958 and a charge to income of $138,348.

As at March 31, 2003, the Corporation has vehicle leases of $644,958. Leases expire from April 2006 to February 2009. Future payments due are as follows:

2004	157
2005	157
2006	157
2007	111
2008	44
Subsequent years	19
Total	645

9. Due to the Province of British Columbia

The Corporation, pursuant to a number of different agreements, collects moneys on behalf of the Province of British Columbia and remits to the Province their portion.

	2003	2002
Due to the Province		
Land sales	**16,623**	8,546
Land tenure	**3,240**	5,152
Aquaculture	**3**	1
Trade	**(121)**	14
	19,745	13,713

10. Fees

	Fees	**Rent**	**Tenure**	**Other**	**2003**	2002
Development and Marketing	2,394	51	-	121	**2,566**	1,560
Land & Water Management	995	11,112	12,918	1,433	**26,458**	16,062
Business Partnerships	75	—	—	—	**75**	25
	3,464	11,163	12,918	1,554	**29,099**	17,647

11. Recoverable costs and project costs

On completion of Crown land and asset sales, the Corporation is reimbursed all eligible project costs related to the sale.

12. Interest earned

Interest earned on funds held on behalf of the Province is reported as income of the Corporation as authorized by the Delegation Agreement signed with the Province of British Columbia.

13. Related party transactions

The Corporation is related through common ownership to all Province of British Columbia ministries, agencies and Crown corporations. Transactions with these entities, unless disclosed separately, are generally considered to be in the normal course of operations and are recorded at the exchange amount.

The Corporation is economically dependent upon the Province to provide Crown land and major government assets to market and sell, and on the assignment of responsibility for administering Crown land tenures as a means of generating revenue.

I. 617548 B.C. Ltd.

Effective May 17, 2002, the Corporation acquired all the shares and net assets of 617548 B.C. Ltd. (the "Company") from the Pacific National Exhibition for $17,961,087. This company does not carry on any active business other than holding 19 parcels of land. As the Province directed the Corporation to acquire and market this land for resale, the Ministry of Finance has indemnified the Corporation and the Company against all liabilities, including losses on holding these properties for sale and all environmental liabilities.

II. Vancouver Convention Centre Expansion Project Ltd.

During fiscal 2003, the Corporation acquired 100 common shares without par value of the Vancouver Convention Centre Expansion Project Ltd. (the "VCCEP") and utilized funding from a short term loan to finance the purchase of the Coal Harbour Lands on behalf of VCCEP. On April 30, 2003, the Corporation transferred share title to the Minister of Competition, Science and Enterprise and VCCEP reimbursed all costs pertaining to the purchase of this land. As the Province directed the Corporation to acquire this land on behalf of VCCEP, the Ministry of Finance has indemnified the Corporation against all liabilities, including all environmental liabilities.

The accounts of VCCEP have not been included in these statements. Consolidation was determined to be inappropriate as the Corporation has no ability to determine strategic operating, investing or investing policies.

14. Share capital

The Corporation has authorized capital consisting of 10,000 common shares with no share value. The Minister of Sustainable Resource Management holds the one common share issued as representative of Her Majesty the Queen in right of the Province of British Columbia.

15. Contingent liabilities

The Corporation is the defendant in legal actions and it is not expected that the ultimate outcome of these claims will have a material effect on the financial position of the Corporation.

16. Commitments

The Corporation has entered into facilities leases for office space expiring on various dates to 2010 and a systems lease for the Tantalis Land Management System until March 2004. Future minimum payments under these leases for the next five years are:

2004	2,117
2005	1,668
2006	1,256
2007	899
2008	656
Thereafter	723
Total	**7,319**

17. Post retirement benefits

The Corporation and its employees contribute to the Public Service Pension Plan in accordance with the *Public Service Pension Plans Act*. The Public Service Pension Plan is a multi-employer, defined benefit plan and is available to substantially all of the Corporation employees. On behalf of employers, the British Columbia Pension Corporation administers the Plan, including payment of pension benefits to employees to whom the Act applies. The most recent actuarial valuation (March 31, 2002) has determined the Plan is in a surplus position. Effective January 1, 2001, the Public Service Pension Plan's management changed to a joint trusteeship where the management, risks and benefits are shared between the employers and employees.

The Corporation also annually contributes through the Provincial Government payroll system for specific termination benefits as provided for under collective agreements and conditions of employment. The costs of these employee future benefits are recognized as an expense in the year that contributions are paid.

18. Comparative figures

Certain 2002 comparative figures have been reclassified to conform to the presentation adopted in the current year.

Corporate Governance

Mandate and Membership of the Board of Directors

LWBC is incorporated under the *Company Act* of British Columbia and the sole shareholder is the Province of British Columbia. The Minister of Sustainable Resource Management holds the share on behalf of the Province and reports to the legislature on behalf of the Corporation.

LWBC also reports to a Board of Directors consisting of six deputy ministers and the President and Chief Executive Officer of the Corporation. The mandate of the Board of Directors is to provide strategic business direction and oversight that is consistent with the goals and objectives of the Minister of Sustainable Resource Management and Government. Specifically, the Board has three primary responsibilities:

- to approve the business (e.g. operational policy) framework by which the affairs of LWBC will be carried out,
- to approve the direction of corporate business, which is the sum of strategic, operational and other plans to be carried out by Management, and
- to monitor the progress of Management in meeting business targets.

Directors' activities and responsibilities are governed by legal requirements specified in the *Company Act* and guided by LWBC's *Code of Conduct for Directors*. The responsibilities primarily relate to acting honestly and in good faith; exercising a high degree of care, diligence and skill, disclosing any interest or conflict, acting in accordance with the *Company Act* and other applicable legislation, regulations and policies, and the Company's Articles and Bylaws, and approving changes to the Company's Articles and Bylaws.

Present Membership of the Board of Directors

Jon O'Riordan	Chair of the Board and Deputy Minister of Sustainable Resource Management
Bill Valentine	President and Chief Executive Officer, Land and Water British Columbia Inc.
Jack Ebbels	Deputy Minister of British Columbia Offshore Oil and Gas Team
Sharon Halkett	Executive Vice-President, British Columbia Buildings Corporation
Philip Steenkamp	Deputy Minister of Treaty Negotiations Office, Ministry of Attorney General
Paul Taylor	Deputy Minister of Finance
Don Wright	Deputy Minister of Forests

Mandates and Membership of Board Committees

The Board has established an Executive Committee and an Audit Committee.
The mandate of the Executive Committee is to exercise, subject to any restrictions, limitations or regulations imposed by the directors, all the powers of the directors in the management and direction of the operations of the Corporation, save and except only those acts that are required by law to be performed by the Board of Directors.

The mandate of the Audit Committee is to challenge internal and external auditors, recommend financial statements to the Board of Directors, obtain assurances that the Corporation's accounting systems are reliable and that prescribed internal controls are operating effectively, evaluate corporate risks and their management, ensure compliance with all statutory and regulatory requirements, and report to the Board of Directors on its major discussions, decisions and the discharge of its responsibilities.

Our Senior Management Team

Bill Valentine	President and Chief Executive Officer
Joan Hesketh	Vice-President, Land and Water Management Division
Jack Hall	Vice-President, Development and Marketing Division
Bob Friesen	Executive Director, Business Development Division
Pat Jackson	Chief Financial Officer, Corporate Services Division
Jim Mattison	Director, Water Management
Teri Collins	Corporate Business Manager
Jim Yardley	Regional Service Director, Southern Service Region
Neil Banera	Regional Service Director, Vancouver Island Service Region
Mike Lambert	Regional Service Director, Northern Service Region
Glen Thompson	Regional Service Director, Lower Mainland Service Region

Appendix 1: Detailed Performance Report

Goal 1: Help establish British Columbia as the leading economy in Canada by creating new business opportunities using Crown land and water resources

Objective 1: Increase access to Crown land and water to promote economic development and emerging business opportunities

Strategies	Performance Measures	Targets	Actual Results/Explanation of Variance	Future Targets
Make decisions more quickly on land and water dispositions	Percentage of new land tenure applications processed within established turnaround times	90%	92%. Over 1,500 Crown land applications were processed in 140 days or less in the 02/03 fiscal year. The 140 day target turnaround time was implemented on November 5, 2001 and been maintained since inception. This represents a 50% reduction in the previous processing time.	90%
	Percentage of water applications processed within established turnaround times	N/A.	This measure was not intended to be included in the 02/03 service plan. LWBC focused on reducing land and water application backlogs during 02/03. Ensuring that 90% of water applications meet established turnaround 100% of the time is a corporate priority for 03/04 and subsequent years.	90%
Identify new land opportunities	Number of new marketable properties added to inventory	135	126 new properties added to inventory. The target of 135 new properties was substantially met. This will replenish inventory sold and allow LWBC's rigorous targets for economic development, job creation and revenues to be achieved over the next three years.	On-going operational objective
	Number of new development projects	29	73 new development projects started. A focus on new development resulted in a high number of projects initiated. This will ultimately result in additional, high value properties being added to the corporate portfolio.	On-going operational objective
	Number of land exchanges and acquisitions completed	22	13 land exchanges completed. The number of actual year-to-date land exchanges represents high-value projects advanced on a priority basis. The variance from target represents projects not completed because of low benefit.	On-going operational objective
Establish new opportunities for commercial recreation, finfish, shellfish, tourism on northern Vancouver Island	Number of new opportunities offered:			
	Finfish sites available	30	30 finfish sites offered and Aquaculture Opportunity Study completed (West Coast, North Coast and North Island Strait)	On-going operational objective
	Shellfish sites available	30	24 sites offered. MSRM and LWBC have collaborated on coastal resource planning and identified areas of high suitability for shellfish industrial development. While the 30 sites were found to be suitable, market demand resulted in 24 shellfish tenure offers.	On-going operational objective
	North Vancouver Island tourism sites available	6 – 8	40 sites were surveyed with the expectation that 20 would be found suitable. Detailed site investigations identified 7 appropriate locations. A mid-year assessment indicated that the costs of proceeding with marketing would likely not be recovered. A decision was made to release assessment information and invite applications during 03/04.	On-going operational objective

Support development for Independent Power Producer (IPP) projects	Number of IPP applications adjudicated	20	43 applications adjudicated. Resulted in 15 projects being licensed.	On-going operational objective
	Integrated and streamlined IPP land and water application process established	1st Q	Target met. Guide for Waterpower Projects and Integrated Application Form with Guide have been established and placed on LWBC website.	On-going operational objective
Develop strategy to advance ski sector projects	Strategy in place	2nd Q	Ski, Heli-ski, Snowcat Standing Committee formed. Strategy development underway. Target partially achieved. This year's activities have furthered the stability of four seasons resorts through the development of the Ski Sector Strategy. That strategy will result in stability for these resorts by ensuring that ski programs represent the cornerstone of their activities.	On-going operational objective
Develop wind power strategy	Strategy in place	2nd Q	Substantial work completed to date. Project on-going. LWBC is leading the development of a provincial discussion paper that will result in a Wind Power Policy during 03/04. Corporate efforts will provide industrial certainty and accelerated access to wind power sites.	On-going operational objective
Support and champion the Province's bid to host the 2010 Winter Olympics by identifying Olympic bid land needs and opportunities	Opportunity Study completed	3rd Q	Targets met. This study identified optimal sites for a Nordic venue, sliding centre, athletes' village and training centres in Whistler. The study together with the approved development concepts will provide the cornerstone for the rapid and efficient development of the 2010 Olympic venue if and when the Olympic Bid is accepted.	On-going operational objective
	Approval of development concepts for Callaghan Valley and Whistler Mountain	3rd Q		

Objective 2: Partner with governments, First Nations and business communities to promote community economic development

Strategies	Performance Measures	Targets	Actual Results/ Explanation of Variance	Future Targets
Develop targeted partnership opportunities (P3s, head lease, management contracts, MOUs)	Number of partnership opportunities offered by Development and Marketing Division	7	25 started and 7 completed. Partnerships with local governments and businesses have led to cooperative working relationships that have accelerated access for new commercial and industrial opportunities. Successful partnerships with the Town of Ladysmith, City of Quesnel and the Thompson-Nicola Regional District have provided new economic opportunities that responded to regional and international markets demands for Crown land.	On-going operational objective
Increase First Nations opportunities on Crown land through Economic and Treaty-Related Measures agreements	First Nations Strategic Economic Development Plan finalized	2nd Q	Target substantially met. Completion of LWBC's First Nations Accommodation Guidelines will lead to new economic development opportunities for First Nations on Crown land.	On-going operational objective
	Number of MOUs/partnerships with First Nations in support of aquaculture opportunities	4 by 4th Q	15 MOUs completed. Target exceeded. MOUs with First Nations have led to significantly increased aquaculture opportunities during 02/03.	On-going operational objective
	Number of MOUs/partnerships with First Nations in support of commercial recreation-related opportunities	2 by 4th Q	4 MOUs and partnerships completed. MOUs with First Nations will lead to diverse new economic opportunities e.g. log handling leading to commercial recreation activities. These partnerships will allow First Nations to identify and pursue new economic developments.	On-going operational objective

Objective 3: Grant dispositions in a consistent manner throughout the Province

Strategies	Performance Measures	Targets	Actual Results/ Explanation of Variance/Commentary	Future Targets
Establish and implement an audit program to review allocation service decisions throughout the province	Audit program established and conducted	1st Q	Target met. Audit program established and implemented to review allocation decisions throughout the province	n/a
	Audit report issued	2nd Q	Target met. Audit report completed and issued.	n/a

Objective 4: Effectively manage tenure portfolio

Strategies	Performance Measures	Targets	Actual Results/Explanation of Variance	Future targets
Improve revenue collection, market pricing and cost recovery	Percentage of rents collected within 90 days of due date	70%	92%. Priority focus on improving timeliness of rent collection has dramatically improved percentage of rents collected within 90 days.	03/04 90% 04/05 93% 05/06 95%
	Recommendations for program pricing developed	1st Q	Target met. Recommendations for new program pricing have been developed. When approved, new pricing will increase the fair return to the government for the use of Crown land and water resources.	None
Obtain maximum level of efficiency	Revenue/cost ratio improvement strategy developed and implemented	3rd Q	Target met.	On-going operational objective
Optimize revenue to the Crown	Increase in revenue from all land tenures	7%	16%. Target exceeded. This represents the second year of significantly increased land tenure revenues.	On-going operational objective
	Gross revenue from Crown land sales	$42.1 M	$34.5 M. Land sales targets were met; however, recording of revenue for one major project ($11 M) has been delayed to 03/04.	03/04 $52.5 M 04/05 $65.0 M 05/06 $42.5 M

Objective 5: Enforce disposition conditions and manage unauthorized use of Crown land and water resources

Strategies	Performance Measures	Targets	Actual Results/Explanation of Variance	Future Targets
Develop compliance and enforcement strategy	Compliance and enforcement strategy implemented	2nd Q	Target met. Strategy approved February 2003 for implementation in FY 2003/04.	Minimize trespasses: 03/04 50% 04/05 10% 05/06 20%
Recognize tenure holders for outstanding environmental practices, habitat protection and community leadership	Recognition program for tenure holders in place	3rd Q	Deferred. Service Centre Directors will be meeting in early 03/04 to evaluate this project as a LWBC priority.	On-going operational objective

Goal 2: Foster the highest level of private investment in Crown land and water resources by providing excellent client service

Objective 1: Earn client support and public trust

Strategies	Performance Measures	Targets	Actual Results/Explanation of Variance	Future Targets
Measure and improve client satisfaction	Periodic stakeholder questionnaire distributed	1st Q	Target met	(03/04) Establish baseline satisfaction level (04/05) 10% improvement (05/06) 10% improvement
	Questionnaire results published	2nd Q	Not applicable. The number of responses received was not statistically valid. LWBC is presently working on ways to substantially improve survey responses in the future. Major overhauls of client service processes have enhanced client service and satisfaction through improved application cycle times, eliminated the land tenure backlog, and a 93% reduction in the water licence application backlog (lowest level in 40 years).	As above
Ensure transparent decision-making	Applications and decisions, tenure mitigation requirements and associated reports posted on the LWBC Web site	1st Q	Beginning April 1, 2002, application information has been available from the LWBC website. When an application is adjudicated, the Reasons for Decision are posted. LWBC's transparency and accountability have been significantly improved.	On-going operational objective
Secure public support for corporate goals and objectives	Corporate level communications strategy implemented	1st Q	Target met. Continuing priority.	On-going operational objective
	Service plans published and distributed	1st Q	Target met. Service plan published and distributed, and shared with all LWBC staff.	On-going operational objective
	Inter-agency communication plan implemented for: • aquaculture • North Vancouver Island tourism development program	 4th Q 4th Q	Target met for aquaculture. Target deferred for North Vancouver Island Tourism (NVIT). The communication plan for NVIT will be finalized after a site marketing strategy is completed in 03/04.	On-going operational objective
Streamline billing process with major client groups to reduce administration costs and provide better service	Pilot completed with one major client	3rd Q	Target met. When fully implemented in 03/04, LWBC will be in a position to document savings in billing and administration costs. The favourable response of the pilot client suggests that other major clients will support similar streamlining of billing and administrative processes to reduce their costs and improve LWBC client service.	On-going operational objective

Objective 2: Improve client service

Strategies	Performance Measures	Targets	Actual Results/Explanation of Variance	Future Targets
Improved water processes				
Eliminate the current backlog of water applications	Percentage of backlog applications eliminated	90%	93% Backlog target exceeded – over 2,000 backlogged water licences adjudicated in 02/03. This is the lowest the water backlog has been in 40 years.	On-going operational objective
Design a streamlined and transparent water application process	New application processing guidelines finalized and implemented	1st Q	Target met – integrated and streamlined application process has resulted in a 50% reduction in processing time.	On-going operational objective

Improve water application and licence amendment turnaround times	Target turnaround times established	1st Q	Target achieved. Beginning April 1, 2003, water licence applications will be processed in 140 days or less. Water licences in the past, on average, took years to adjudicate	On-going operational objective
Eliminate water licence amendments backlog	Water licence amendment backlog elimination plan established	3rd Q	Target met	On-going operational objective
Improved land processes				
Process replacement tenures and renewals before expiry	Streamlined process for replacements	1st Q	Target met	On-going operational objective
	Percentage of replacements processed	90%	94% - Target exceeded. Almost 1,800 replacement applications processed.	On-going operational objective

Objective 3: Reduce red tape

Strategies	Performance Measures	Targets	Actual Results/Explanation of Variance	Future Targets
Identify fees and program pricing to be eliminated, reduced or maintained	Identification and analysis complete	4th Q	Target met. Identification of fees and miscellaneous fees completed and Orders-in-Council to implement revised fee structures approved. This will improve cost recovery, make fees competitive with other jurisdictions and the private sector, consolidate services that are currently under separate fees, eliminate some fees, and make *Land Act* fees consistent with similar proposals under the *Water Act*.	On-going operational objective
Remove regulatory barriers	Consultation plan developed	1st Q	Target met. Deregulation Plan provided to MSRM.	On-going operational objective
	Deregulation opportunities implemented	4th Q	Target met. Target deregulation opportunities implemented: review of antiquated *Land Act* provisions and *Prohibition Regulations*, new *Land Act* and *Water Act* fee structures approved. 261 regulations removed in Volume 1 of the Land Management Manual and Aquaculture Policy. This will result in more streamlined and relevant governing legislation.	On-going operational objective
Streamline consultation with local and federal governments	MOU established with local governments	2nd Q	Deferred until after the Community Charter has been reviewed by the Legislature (2004/05)	On-going operational objective
	MOU established with federal governments	2nd Q	The federal government requested deferral of these negotiations to a future date	On-going operational objective
Support a one window approach where appropriate	Streamlined shellfish aquaculture application package and salmon aquaculture management planning package and application guidelines	1st Q	Targets met. Streamlined shellfish aquaculture application package and salmon aquaculture management planning package and application guidelines developed and implemented. Establishes LWBC as single window for all aquaculture tenures and licence applications under agreement with the Ministry of Agriculture, Food and Fisheries, Fisheries and Oceans Canada and the Ministry of Water, Land and Air Protection.	On-going operational objective
	Streamlined process for salmon farming tenures	3rd Q		

Objective 4: Continuously improve service delivery

Strategies	Performance Measures	Targets	Actual Results/Explanation of Variance	Future Targets
Improve operating practices	Land Management Manual rewrite completed	(LMM) 40% by 4th Q	Target exceeded. Elimination of 261 regulations exceeded target of 258 regulations (40% LMM)	On-going operational objective
Client Service Training	Number of staff trained	50%	Target met	On-going operational objective

Goal 3: Become a flexible, responsive, high-performance organization

Objective 1: Increase operational efficiency and cost-effectiveness

Strategies	Performance Measures	Targets	Actual Results/Explanation of Variance/Commentary	Future Targets
Collaborate with MSRM and other partner agencies to develop operational agreements to achieve time and resource efficiency	Operational agreement implemented for Human Resources Management	1st Q	Target met. Concluded Service Level Agreements with government's new Human Resources Agency for payroll services.	On-going operational objective

Objective 2: Ensure that employees have the skills and training to achieve corporate goals and objectives

Strategies	Performance Measures	Targets	Actual Results/ Explanation of Variance	Future Targets
Develop and implement a comprehensive performance management system	Fully implemented	3rd Q	Target met. Comprehensive performance management system is fully implemented.	On-going operational objective
Develop and implement a succession plan, including mentoring program	Succession plan fully implemented	4th Q	Target partially met. Critical positions that require succession planning were identified during 02/03. Finalization of the succession plan is targeted as a high priority for 03/04.	On-going operational objective
Establish training plans for all employees	Percentage of staff who have current training plan	50% by 4th Q	90%. LWBC's capacity to deliver on its goals and commitments has been strongly supported through a high commitment to on-going staff training.	On-going operational objective
	Percentage of staff who have received some training in accordance with their plan	100% by 4th Q	100%. All staff with training plans in place have received some training in accordance with those plans.	On-going operational objective
Complete individual performance plans to ensure high-quality service	Percentage of positions that have performance plans established	60% by 4th Q	This target was subsequently amended to be 100% of management staff. Target met. With completion of detailed performance plans, management staff have a clearer understanding of corporate expectations for their service plan deliverables.	On-going operational objective
Review all positions to ensure appropriate job classification and consistency with performance plans	Percentage of positions reviewed annually	20%	22%. Target exceeded.	On-going operational objective

Objective 3: Make LWBC an Employer of Choice

Strategies	Performance Measures	Targets	Actual/Explanation of Variance	Future Targets
Recognize and reward excellence	Staff surveyed to determine satisfaction with Recognition and Reward Program	3rd Q	Target met. This project was undertaken on an informal basis through regular meetings between Executive and staff. A more formal approach will be implemented in 03/04.	On-going operational objective

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